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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

BREAKING GAMES, LLC, Plaintiff, v. PERFORMANCE DESIGNED PRODUCTS, LLC, and GAMESTOP INC., Defendants.	Civil Action No: **COMPLAINT FOR COMMON LAW TRADEMARK INFRINGEMENT,UNFAIR COMPETITION, AND DECLARATORY JUDGMENT OF NON-INFRINGEMENT AND TRADEMARK OWNERSHIP RIGHTS** **(DEMAND FOR JURY TRIAL)**

COMPLAINT

Plaintiff BREAKING GAMES, LLC (hereinafter "Plaintiff"), through its attorneys, complaining of Defendants, PERFORMANCE DESIGNED PRODUCTS, LLC (hereinafter "PDP") and GAMESTOP CORP. (hereinafter "GameStop") (collectively the "Defendants"), alleges as follows:

INTRODUCTION

Plaintiff brings this action pursuant to the trademark laws of the United States, 15 U.S.C. § 1125(a), the unfair competition laws of the State of New Jersey, N.J.S.A. 56:4-1 et seq., and the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202, to protect its senior rights in the PIXEL PALS™ mark sold in interstate commerce in connection with collectible toy figures. PDP claims that it owns a virtually identical common law trademark PIXEL PALS, as used in connection with collectible figures, for which it alleges to be the senior user, and that Plaintiff misappropriated PDP's mark. Plaintiff seeks an order enjoining Defendants' infringing use of Plaintiff's PIXEL PALS™ mark, an award of damages and the destruction of Defendants' infringing products, and declaratory relief to protect its legal rights in its PIXEL PALS™ mark.

PARTIES

1. Plaintiff is a New Jersey limited liability company with a principal place of business located at, 125 Main Street, Netcong, NJ 07857.

2. PDP is a California limited liability company with its principal place of business at 2300 West Empire Avenue, Suite 600, Burbank, CA 91504.

3. GameStop is a Minnesota corporation with a place of business at 950 Springfield Rd, Union, NJ 07083.

NATURE OF THE ACTION

4. This action arises and is brought under the Declaratory Judgment Act, 28 U.S.C. §§ 2201-2202, the trademark laws of the United States, 15 U.S.C. § 1125(a) and New Jersey unfair competition laws, N.J.S.A. 56:4-1 et seq., whereby Plaintiff seeks a declaration that (1) Plaintiff's use of its PIXEL PALS mark in connection with collectible toy figures, does not infringe on PDP's common law trademark rights in its alleged PIXEL PALS mark as used in connection with collectible figures and that (2) Plaintiff is the sole and exclusive trademark owner of the PIXEL PALS mark. Additionally, Plaintiff seeks an order that Defendants: be enjoined from using the PIXEL PALS trademark pursuant to 15 U.S.C. § 1116; Plaintiff be awarded Defendants' profits, actual damages, and attorney fees pursuant to 15 U.S.C. § 1117(a); and that Defendants destroy all remaining infringing products pursuant to 15 U.S.C. § 1118.

SUBJECT MATTER JURISDICTION

5. Jurisdiction is founded upon the United States Code, 28 U.S.C Section 1331 relating to the adjudication of a law of the United States, specifically, 15 U.S.C. 1125(a), 28 U.S.C. 1338(a), and upon 28 U.S.C. § 1367.

6. Jurisdiction is also founded upon the United States Code, 28 U.S.C. Section 1332(a), diversity of citizenship, because Defendants are citizens of foreign states and the matter in controversy exceeds the sum of $75,000.00, exclusive of interest and costs.

7. This cause of action is also for a declaratory judgment of non-infringement and trademark ownership and is founded upon the United States code, 28 U.S.C Sections 2201 and 2202.

PERSONAL JURISDICTION AND VENUE

8. This Court has personal jurisdiction over Defendants by virtue of Defendants' continuous and systematic contacts with New Jersey, including their joint offering for sale of PDP's PIXEL PALS products at GameStop's 100+ retail locations in New Jersey, including in this District in New Jersey. The Court also has specific jurisdiction over Defendants because this action "arises out of" and "relates to" Defendants' sale of infringing PIXEL PALS products in this District in New Jersey, such products relative to the dispute at issue.

9. Venue is properly laid in this District of New Jersey pursuant to 28 U.S.C. 1391(b), because the threatened claims of infringement, false designation of origin/false association, dilution, and unfair competition by PDP against Plaintiff arose in this District and Defendants conduct business in this District and have regularly and continuously transacted business within the State of New Jersey, including in this District.

FACTS COMMON TO ALL COUNTS

Plaintiff's Activities

10. Plaintiff is a developer and publisher of various gaming industry products, including without limitation, board games, card games, electronic games, etc., and has been in business since at least as early as October 2014.

11. Plaintiff was founded in 2014 to provide gaming industry companies with a reliable business to help develop and publish the games and introduce them to the relevant markets.

12. Plaintiff's parent company, Ad Magic, Inc., a New Jersey corporation with its principal place of business at 125 Main Street, Netcong, NJ 07857 ("Ad Magic"), is a custom printer and publisher

of various advertising goods for others as well as various gaming industry productions, since at least as early as December 1997.

13. Plaintiff and/or Plaintiff's parent company Ad Magic, are the owners of over fifty (50) active U.S. trademark applications and/or registrations for various games, including the PIXEL PALS design mark (U.S. Intent-to-use App. Serial No. 87/021672) in connection with "collectible toy figures" under Class 28, filed with the U.S. Trademark Office ("USPTO") on May 2, 2016 ("Plaintiff's PIXEL PALS Mark"). Since the date of filing, Plaintiff has expended considerable resources of both time and money in the development, creation, and promotion PIXEL PALS products and has began selling the products on Plaintiff's website, www.pixelpals.com, at least as early as October 6, 2016.

14. Plaintiff has worked diligently to cultivate and preserve its reputation as a provider of leading gaming industry products with a specific understanding that confidence in Plaintiff's PIXEL PALS Mark as filed on May 2, 2016 and as used continuously and exclusively in interstate commerce since on or about October 6, 2016 in connection with a series of collectible toy figures, is essential in continuing and promoting its services. By virtue of Plaintiff's high quality standards and reputation achieved through such standards, Plaintiff and Plaintiff's parent company Ad Magic are well known and respected as a developer, publisher, and promoter of gaming industry products.

15. Plaintiff's PIXEL PALS Mark is symbolic of the goodwill and consumer recognition built up by Plaintiff through substantial amounts of time, effort and monies in advertising and promotion.

PDP's Activities

16. PDP is a designer and developer of various gaming industry products and accessories.

17. On May 4, 2016, two days after Plaintiff's USPTO filing, PDP filed an intent-to-use U.S. Trademark App. Serial No. 87/025033 for the PIXEL PALS mark in connection with "collectible figures" under Class 28 ("PDP's PIXEL PALS Application").

18. On or around August 19, 2016 Plaintiff communicated with PDP and informed it of Plaintiff's prior filing dates and rights to the PIXEL PALS Mark.

19. In response, PDP claimed that notwithstanding its May 4, 2016 intent-to-use filing, it had allegedlybeen using the PIXEL PALS mark in interstate commerce years beforehand, and that it was therefore the senior user of the PIXEL PALS mark.

20. On August 22, 2016 the Trademark Examiner for PDP's PIXEL PALS Application issued an Office Action refusing registration of PDP's application due to a potential likelihood of confusion with Plaintiff's prior filed PIXEL PALS Mark.

21. On or around August 30, 2016, Plaintiff contacted PDP in order to work out a resolution, however PDP advised that it would be hiring outside counsel and any further communication will go through PDP's outside counsel.

22. On or around September 2016, Plaintiff discovered news articles circulating online which indicated that PDP's PIXEL PALS product would be available soon at GameStop. PDP's website, https://pdp.com/it/pixel-pals/, simply indicated that PDP's PIXEL PALS product was coming soon to GameStop and did not provide any additional information.

23. On September 27, 2016 Plaintiff communicated with PDP's counsel, Lori Yamato and advised her of Plaintiff's priority rights to the PIXEL PALS Mark. PDP's counsel again claimed that PDP had been using the PIXEL PALS mark in interstate commerce for years beforehand and that she would provide evidence of such assertions. However, despite PDP's counsel's statements and Plaintiff's repeated requests, PDP has yet to provide any substantiation of prior use, nor explain why it filed an intent-to-use application rather than a use application for the PIXEL PALS mark on May 4, 2016, 2 days after Plaintiff's PIXEL PALS Mark filing.

24. On or around November 18, 2016 Plaintiff noticed that PDP's infringing PIXEL PALS products were advertised on GameStop's website for sale, more than a month after Plaintiff had begun selling Plaintiff's PIXEL PALS products at least as early as October 6, 2016.

25. On November 22, 2016, Plaintiff sent GameStop a cease and desist letter demanding that it: (i) immediately cease all sales and advertisement of the infringing PIXEL PAL products; and (ii) provide Plaintiff with an accounting of all past sales. A copy of the Plaintiff's letter addressed to GameStop dated November 22, 2016, is annexed hereto as Exhibit "A".

26. On November 23, 2016, PDP responded by letter on behalf of GameStop alleging: common law rights at least as early as December 2014; that it was the assignee of all common law trademark rights in the mark PIXEL PALS for collectible figures originally owned by assignor, Soldering Sunday, based in New Jersey, and that it had made sales presentations to some industry buyers. However, PDP once again failed to provide any additional information or evidence to back up any of its assertions. PDP's letter further demanded that Plaintiff:

(i) stop all sales and marketing of Plaintiff's PIXEL PALS products;

(ii) expressly abandon its U.S. and Foreign PIXEL PALS Applications;

(iii) contact and retract Plaintiff's statements to any third parties, including retailers and news agencies, regarding PDP's alleged infringement of Plaintiff's PIXEL PALS Mark;

(iv) immediately send a letter to GameStop, with a copy to PDP, retracting Plaintiff's November 22, 2016 cease and desist letter and informing GameStop that GameStop's nor PDP's use of the PIXEL PALS mark constitutes infringement; and

(v) refrain from making any other accusations involving infringement of the PIXEL PALS mark by PDP and/or GameStop.

A copy of the PDP's letter addressed to Plaintiff dated November 23, 2016, is annexed hereto as Exhibit "B".

27. PDP has asserted its claims and made its allegations even though: Plaintiff has a prior U.S. Trademark Application filing date; Plaintiff has informed Defendant of its senior trademark rights; and even though PDP's alleged priority of the PIXEL PALS mark is based on preparation of use and not actual use in interstate commerce.

28. Plaintiff is now forced to bring this action seeking: (i) a declaration that Plaintiff's use of its PIXEL PALS Mark does not infringe on PDP's alleged common law trademark rights; (ii) a declaration that Plaintiff is the sole and exclusive trademark owner of the PIXEL PALS mark; (iii) an order from the court that Defendants be enjoined from using the PIXEL PALS mark; (iv) an order that

Plaintiff be awarded Defendants' profits, actual damages, and attorney fees; and (v) an order that the Defendants' destroy all remaining infringing PIXEL PALS products.

29. An actual controversy exists between Plaintiff and PDP as PDP has alleged that Plaintiff's foregoing usage of its PIXEL PALS Mark is an infringement of PDP's alleged common law trademark rights to the PIXEL PALS mark.

GameStop's Activities

30. GameStop is a retailer of various gaming industry products and accessories.

31. On or around November 18, 2016, GameStop began offering for sale PDP's infringing PIXEL PALS products on GameStop's website and at its retail locations.

32. On November 22, 2016, GameStop received Plaintiff's cease and desist letter. PDP responded to Plaintiff's cease and desist letter on behalf of GameStop as set forth above.

COUNT I
Common Law Trademark Infringement Against Defendants

33. Plaintiff repeats and re-alleges paragraphs 1-32 above as if set forth specifically herein.

34. The misappropriation and use of the PIXEL PALS Mark by Defendants, in a virtually identical form and virtually identical goods, in the same line of trade channels, gives rise to a likelihood of confusion between the two marks. There is a substantial likelihood of confusion.

35. By virtue of Plaintiff's prior filing date, first use in interstate commerce, and actual notice of claimed trademark rights, Plaintiff has priority over PDP's PIXEL PALS Application.

36. Defendants' use of Plaintiff's PIXEL PALS Mark in connection with its collectible toy figures infringes upon Plaintiff's PIXEL PALS Mark.

37. As a direct and proximate consequence of the infringement by Defendants and their deliberate wide-scale effort to saturate the markets, they seek to cause consumers to irrevocably and forever associate Plaintiff's PIXEL PALS products with the goods of PDP.

38. As a direct and proximate cause of Defendants' actions, Plaintiff can no longer effectively use its PIXEL PALS Mark to exclusively promote its line of PIXEL PALS products. Consequently,

Plaintiff has been deprived of the PIXEL PALS mark and has suffered significant financial loss, the loss of goodwill and name recognition, and irreparable harm.

39. The aforementioned conduct of Defendants was willful and malicious and was intended to oppress and cause injury to Plaintiff. Accordingly, pursuant to Plaintiff's common law trademark rights to the PIXEL PALS Mark, the Court should award actual damages, disgorgement of all profits earned by Defendants as a result of their willful misappropriate and intentional infringement.

COUNT II
Lanham Act § 43(a) Unfair Trade Practices Against Defendants
(15 U.S.C. § 1125(a))

40. Plaintiff repeats and re-alleges paragraphs 1-39 above as if set forth specifically herein.

41. Defendants misappropriated Plaintiff's PIXEL PALS Mark for use in developing and distribution of PDP's virtually identical PIXEL PALS Application in connection with similar collectible figure products in the same trade channels, thereby giving rise to a likelihood of confusion between the two marks. In doing so, Defendants used false or misleading description of fact, or false or misleading representation of fact, to cause material deception, confusion, mistake and false impressions in the relevant marketplace to deprive Plaintiff exclusive use of its PIXEL PALS Mark and ability to promote its goods.

42. Such material deception, misappropriation, confusion, mistake and false impressions by Defendants in the marketplace concerning PDP's and Plaintiff's goods have caused Plaintiff injuries and are likely to continue to cause damage and irreparable harm to Plaintiff.

43. Among other injuries without limitation: (a) Plaintiff, a relatively smaller senior owner, has been deprived of full use of Plaintiff's PIXEL PALS Mark by the larger but junior user PDP which has attempted to completely saturate the market, improperly claiming the PIXEL PALS as belonging to PDP; and (b) Plaintiff has suffered loss of goodwill and name recognition in its PIXEL PALS Mark which Plaintiff has carefully developed and invested substantial amounts of time and money to develop and promote.

44. By virtue of Defendants' prior notice and accordingly their willful infringement, the amount of damages should be trebled under 15 U.S.C. § 1117(a)(3) as an exemplary measure to deter Defendants from repeating this type of wrongful conduct in the future, and to serve as an example to deter others which might contemplate such reprehensible, deliberate conduct in the future.

45. Defendants' unfair trade practices of misappropriating and using Plaintiff's PIXEL PALS Mark, in the virtually identical form as Plaintiff, unless enjoined by order of this Court, will continue to cause great and irreparable injury to Plaintiff. Plaintiff has no adequate remedy at law to fully compensate it for its injuries that Plaintiff is currently suffering and are threatened to be suffered by Defendants' unfair trade practices.

COUNT III
Unfair Competition in Violation of New Jersey Law Against Defendants
(N.J. Stat. §56:4-1)

46. Plaintiff repeats and re-alleges the allegations in paragraphs 1 through 45 as set forth fully herein.

47. The above described use by Defendants of Plaintiff's PIXEL PALS Mark and PDP's other conduct set out above falsely suggests an association with, sponsorship by, licensing by or authorization by Plaintiff.

48. Upon information and belief, the above described use by Defendants of Plaintiff's PIXEL PALS Mark for a line of products virtually identical to those sold and/or licensed by Plaintiff, and its other conduct set out above, was calculated to deceive or confuse the public and to profit unjustly from the goodwill and reputation of Plaintiff.

49. The wrongful conduct alleged herein constitutes unlawful, unfair and/or misappropriation under the Trade-marks and Unfair Trade Practices code N.J. Stat. §56:4-1.

50. Plaintiff is informed and believes and therefore alleges that Defendants undertook the acts alleged above willfully, for the purpose of enriching itself to Plaintiff's detriment.

51. Plaintiff is entitled to actual, indirect, and/or trebled damages as a direct and proximate result of Defendants' unlawful and/or unfair business acts or practices pursuant to N.J. Stat. §56:4-2.

52. Defendants threaten to continue to do the acts complained of herein, and unless restrained and enjoined, will continue to do so, all to Plaintiff's irreparable harm and detriment. It would be difficult to ascertain the amount of compensation that could afford Plaintiff relief for such continuing acts, and multiplicity of judicial proceedings would be required. Plaintiff's remedy at law is not adequate to compensate for its injuries threatened.

COUNT IV
Declaratory Judgment of Non-infringement Against Defendant PDP

53. Plaintiff repeats and re-alleges paragraphs 1-52 above as if set forth specifically herein.

54. Plaintiff seeks a Declaratory Judgment of Non-Infringement of PDP's alleged common law trademark rights to the PIXEL PALS mark by virtue of Plaintiff's PIXEL PALS Mark as filed on May 2, 2016 and as used continuously and exclusively in interstate commerce since on or about October 6, 2016 in connection with collectible toy figures.

55. PDP's allegations of infringement pose a threat to Plaintiff's business and have and will continue to harm Plaintiff until such claims are resolved.

56. As a result of the foregoing, an actual case or controversy exists regarding PDP's allegations of trademark infringement.

57. Plaintiff has no adequate remedy at law and therefore seeks declaratory judgment pursuant to 28 U.S.C. §§2201-02 that Plaintiff has not infringed on PDP's alleged common law trademark rights to the PIXEL PALS mark.

58. Plaintiff additionally seeks any further relief deemed appropriate by this Court pursuant to 28 U.S.C. § 2202.

COUNT V
Declaratory Judgment of Plaintiff's Trademark Ownership of PIXEL PALS Mark Against Defendant PDP

59. Plaintiff repeats and re-alleges paragraphs 1-58 above as if set forth specifically herein.

60. As alleged herein, all intellectual property rights, specifically trademark rights, to the PIXEL PALS Mark properly belong solely to Plaintiff as the senior user.

61. PDP has publicly taken positions that are adverse to Plaintiff's positions on these issues.

62. Therefore, there exists a dispute between the parties which requires, and over which Plaintiff has a right to seek, an adjudication by this Court pursuant to 28 U.S.C. §§2201-02 that Plaintiff is the sole and exclusive trademark owner to the PIXEL PALS Mark.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief as follows:

A. A money judgment for general, special and consequential damages sustained by Plaintiff as a result of Defendants' infringement of Plaintiff's PIXEL PALS Mark, in an amount to be established according to evidence at trial;

B. A money judgment for general, special and consequential damages sustained by Plaintiff as a result of Defendants' unfair trade practices involving the misappropriation of Plaintiff's PIXEL PALS Mark;

C. Trebling by the Court of the amount of actual damages under 15 U.S.C. § 1117(a)(3) as an exemplary measure to deter Defendants from repeating its wrongful conduct in the future, and to serve as an example to deter others from doing the same;

D. A money judgment for Plaintiff's actual damages, disgorgement of all profits earned by Defendants as a result of its willful misappropriation and intentional infringement pursuant to 15 U.S.C. § 1117(a);

E. A judgment requiring the destruction of PDP's infringing PIXEL PALS products pursuant to 15 U.S.C. § 1118;

F. Preliminary and permanently enjoin and restrain the Defendants, their agents, servants, attorneys and employees, and others in privity with or controlled by the Defendants, from charging and asserting, or threatening Plaintiff or any of Plaintiff's customers with the prosecution of any action based upon Plaintiff's use of Plaintiff's PIXEL PALS Mark, or from bringing suit or threatening to do so against any actual or potential customers of Plaintiff, and from advising any customers of Plaintiff of any alleged infringement with respect to Plaintiff's PIXEL PALS Mark;

G. Preliminarily and permanently enjoining PDP from giving any publicity to PDP's claim or claims of infringement or trademark ownership;

H. Preliminary and permanent injunctions enjoining Defendants' unfair trade practices of misappropriating and using Plaintiff's PIXEL PALS Mark in commerce.

I. A judgment of accounting and restitution to Plaintiff of all revenues, compensation, benefits, remuneration and profits derived by Defendants from their unlawful or unfair business acts or practices in misappropriating and using Plaintiff's PIXEL PALS Mark in commerce;

J. That the Court declare the rights and legal relations of the Plaintiff and PDP as to the controversy herein in order that such declaration shall have the force and effect of a final judgment or decree;

K. That the Court enter a judgment declaring that Plaintiff's use of its PIXEL PALS Mark do not infringe or violate any rights of PDP under the laws of trademark and unfair competition or any other laws of the United States or any state in the United States;

L. That the Court enter a judgment declaring Plaintiff is the sole and exclusive owner of the PIXEL PALS Mark;

M. That Plaintiff be awarded their costs of suit incurred herein, including attorneys' fees and expenses; and

N. That Plaintiff be awarded such other relief as the Court deems appropriate.

JURY DEMAND

Plaintiff demands a trial by jury on all claims for relief alleged herein on which Plaintiff has a right to trial by jury.

Dated: December 1, 2016

THE INGBER LAW FIRM

s/Mark J. Ingber

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L.CIV.R. 11.2 CERTIFICATION

Plaintiff is not aware of any other action, or any pending arbitration or administrative proceeding relating to the matter in controversy.

s/Mark J. Ingber______
Mark J. Ingber, Esq.